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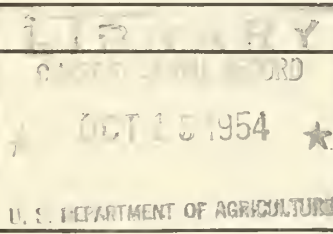


# Current Developments in THE Farm Real Estate MARKET

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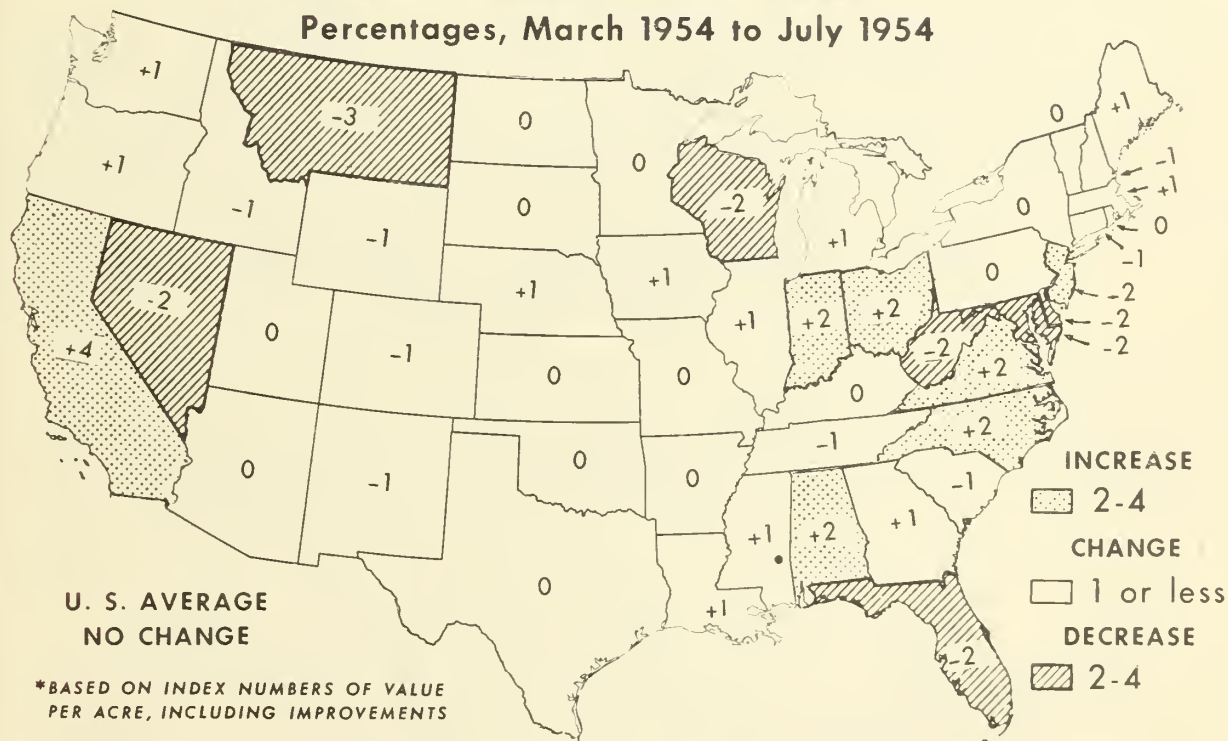
ARS 43-4

JULY 1954



## CHANGES IN DOLLAR VALUE OF FARM LAND\*

Percentages, March 1954 to July 1954



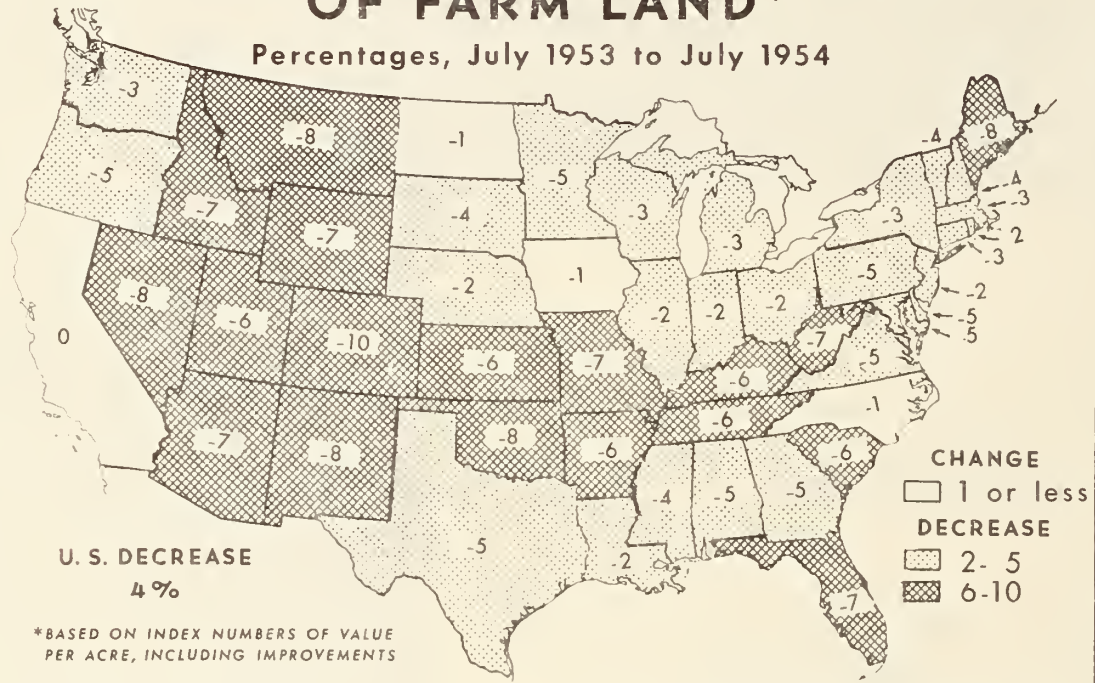
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NEG. 54(7)-532 AGRICULTURAL RESEARCH SERVICE

Farm real estate values did not change much from March to July. Only 7 States showed increases of 2 percent or more but an equal number showed similar declines. The national index of average value per acre remained at 120 (1947-49 = 100), the same as for March but 4 percent below a year earlier. In terms of the 1912-14 average, the July index was 198.

# CHANGES IN DOLLAR VALUE OF FARM LAND\*

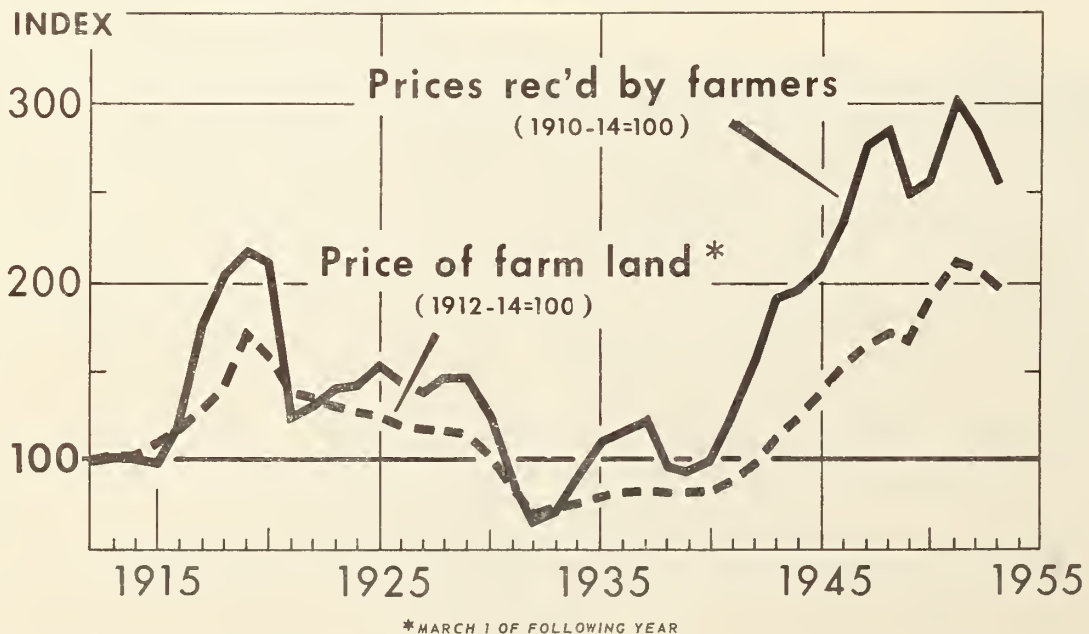
Percentages, July 1953 to July 1954



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NEG. 54(7)-533 AGRICULTURAL RESEARCH SERVICE

## FARM COMMODITY PRICES AND LAND VALUES



U. S. DEPARTMENT OF AGRICULTURE

NEG. 54(5)-113

AGRICULTURAL RESEARCH SERVICE



## CURRENT DEVELOPMENTS IN THE FARM REAL ESTATE MARKET

Approved by the Outlook and Situation Board, September 2, 1954

### SUMMARY

Values of farmland remained essentially unchanged in three-fourths of the States during the 4 months ending July 1, 1954. Only 7 scattered States showed increases of 2 percent or more but these were offset by similar declines in 7 other States. The index of average value per acre for the country as a whole for July 1 remained at 120 (1947-49 = 100), the same as for March but 4 percent below a year earlier. The decline during the last year has been a little larger and more widespread than that occurring in the year ending July 1953 and it affected nearly all States. It brings the total decline in land values since the post-Korean peak in July 1952 to 7 percent. Regionally, the largest declines from this recent peak, which occurred in most States in 1952 or early 1953 were in the Mountain States and in States in the drought areas. Colorado shows the greatest drop - 22 percent, with values in Idaho and New Mexico down 17 percent. However, 10 States, mostly along the eastern seaboard, but also including Indiana, Michigan and North Dakota, showed declines of less than 5 percent.

The volume of voluntary sales of farm real estate declined further during the year ending March 15, 1954. At 29.9 farms per 1,000 the rate was 13 percent below the previous year and only half that of the peak year 1946-47. The number of foreclosures increased slightly in several States affected by drought but in most States it remained at the extremely low level of recent years. Nearly a third of the sales reported in 1953-54 were to enlarge existing farms. This is about the same proportion as a year earlier but somewhat higher than in previous years. Purchases for this purpose were most frequent in the wheat areas, but farm consolidation also continued at a rapid rate in the Corn Belt.

Farmers continue to be the major participants in the farm real estate market. They bought \$1.9 billion worth of farm real estate or 70 percent of the total value (\$2.7 billion) sold during the year ending March 1954. They sold \$1.8 billion worth, of which \$1.3 billion was bought by other farmers. Nearly half of the total dollar value of farm real estate transactions were between farmers. Nonfarmers sold \$367 million worth but they bought \$801 million. This represents a net transfer of about \$434 million of nonfarm capital into farm real estate.

About 62 percent of the farms bought during 1953-54 were credit-financed. This compares with 59 percent a year earlier; it was the highest proportion since 1944. The debt per transfer also increased and averaged 59 percent of the purchase price, compared with 56 percent a year earlier. The increase in the amount of credit used to finance farm purchases has been noted in most regions of the country in recent years. However, several significant differences in the frequency with which credit is used and the amount of debt incurred has been found among the major types of buyers. Tenants financed 76 percent of the tracts they bought whereas farmers who already owned land financed only about 58 percent of their purchases. Tracts bought by tenants also had the largest debts, averaging 60 percent of the purchase price.

Regional Factors that Affect the  
Farm Real Estate Market

The firmness in farm real estate values during the latest 4-month period can be attributed to the steadiness in prices of most farm commodities and the general stability in the economy as a whole during the first half of the year. But the prospect that net farm income will be lower in 1954, because of reduced production and lower commodity prices, contributes to some underlying weakness in the farm real estate market. This weakness is evidenced by the low level of sales activity and by the widening spread between asking and offering prices. A "wait and see" attitude prevails among both present owners and prospective buyers with respect to both the level of land values that future earnings may justify and the amount of debt that can be assumed safely. This more conservative attitude toward debt obligations and capital outlays is reflected in the reduced expenditures for machinery and the contraction in short-term debts noted during the last year, as well as in the farm real estate market.

Comments and observations from a number of State agricultural statisticians in their July reports illustrate some of the more significant factors that affect the farm real estate market in local areas at midyear. In the Northeast continued expansion of industry and suburban development were seen as the major factors helping to sustain farmland values. New highways, which open up rural areas for subdivision and extend the practical commuting distance to industrial employment, create new demand for small acreages for part-time farms and add residential value to many farm properties. Where expansion of this kind results in higher local taxes to provide new community facilities, as in the metropolitan area of northeastern New Jersey and in the Delaware River Valley, some farmers have sold and moved to less crowded areas where land values are lower.

In the Midwest, good prices for hogs in spring and early summer have helped to maintain demand for farms. But buyers are still cautious and selective in their purchases, and present owners are not anxious to sell so long as returns are favorable. As a result, relatively little land is being sold except to settle estates. Asking prices have continued firm to slightly higher in southern Michigan because of the continuing demand for farms by young men who want to start farming and by factory workers. With urban employment opportunities more limited, farming has again become an alternative for both young men on farms who previously found ready employment in industry, and for unemployed factory workers. As many of the latter have accumulated substantial savings in recent years they are effective bidders for farms. In other Corn Belt States, price-support levels for the major farm products have become an important factor affecting prices of farmland. With future levels of support still uncertain at midyear, both present owners and prospective buyers were inclined to delay transactions until the effects of the new farm legislation then under discussion could be evaluated. The decline in number of purchases by investors in recent months illustrates this uncertainty.



Table 1.- Percentage change in index of average value of farm real estate per acre, by geographic divisions, selected periods, 1952-54

Geographic division	Change during year ended			:	Change during 4 months ended		
	July 1952	July 1953	July 1954		July 1952	July 1953	July 1954
	Percent	Percent	Percent	:	Percent	Percent	Percent
New England	3	0	-5	:	2	0	0
Middle Atlantic	6	-2	-5	:	1	-1	0
E. North Central	7	-2	-2	:	2	-2	+1
W. North Central	5	-4	-2	:	0	-2	+1
South Atlantic	8	+1	-4	:	2	-1	+1
E. South Central	6	-2	-6	:	2	-2	0
W. South Central	9	-5	-5	:	1	-2	0
Mountain	1	-7	-8	:	3	-1	-1
Pacific	0	-3	-1	:	0	-1	+3
				:			
United States	6	-3	-4	:	1	-2	0
				:			

Generally good crop prospects in the northern Plains States were seen as the major factor contributing to a firm but quiet farm real estate market in North Dakota, South Dakota and Kansas. The oil boom in North Dakota, which has added a speculative value to farmlands for subsurface rights since early 1951, is now stabilized and speculation is rather quiet.

In the Southeast, the farm real estate market is normally quiet in late spring and early summer and price changes have been nominal. Dry weather in Georgia and in parts of nearby States, as well as the sharp reduction in cotton acreage because of allotments, may have accentuated this seasonal slump in interest. Asking prices continued unchanged in Kentucky but prices of farms actually sold were reported to be lower than a year ago.

Parts of Texas, Oklahoma, and Arkansas in the Southwest were affected similarly by dry weather and reduced cotton acreages. Values of farmland were believed to be down slightly in southwestern Oklahoma where the wheat crop was poorer than last year, but up slightly in the northwestern part of the State where the 1954 crop was good. The August 1 condition of the cotton crop in Oklahoma was only two-thirds of average. As of July 1, drought was serious in central and eastern Texas and it extended into northwestern areas of the State where cotton and sorghum are major crops. Some weakness in land values was expected as a result of these conditions.

The wide range in type of land and farming enterprises in the Mountain States make it difficult to segregate definite trends in land values at

midyear. Oil activity in eastern Montana continues to bolster values, while an excellent wheat crop also helped to moderate any decline in values that might be expected to result from acreage restrictions. The tendency for some farmers to increase their holdings to maintain their wheat acreage was seen as a factor tending to sustain prices for good dryfarming lands. But severe drought in eastern Colorado reduced the 1954 wheat crop to only slightly more than a third of the previous year's crop and some reduction in the price of wheatlands was observed. Part of Wyoming was affected similarly. Prices for grazing lands in the Mountain area had been adjusted downward as a result of lower prices for cattle and sheep, and little change is apparent in recent months. Prices for irrigated land in Washington and Oregon have changed very little but some increase was reported in California. Despite the sharp cut in acreage of cotton the condition of the 1954 cotton crop is excellent and a record yield is in prospect in that State.

#### Relation between Land Values and Farm Commodity Prices

Historically, values of farmland have followed the major up and down swings in prices of farm commodities although usually they lag behind and change less. Thus, commodity prices rose 119 percent between 1915 and 1919, while land values increased 57 percent, or about half as much. The degree of response was about the same between 1940 and 1948 as commodity prices increased 187 percent and land values increased 107 percent (See chart).

Although the rise in commodity prices was sustained for several years during both of these periods, short-term changes lasting only a year or two generally were not reflected in land values to the same degree during the years prior to 1949 as they have been since that date. A review of the concurrent movements in commodity prices and land values at the national level in the last several years may be of interest. Both commodity prices and land values reached a post-World War II low in late 1949 or early 1950. From their respective low points, commodity prices rose 33 percent by February 1951 and land values gained 16 percent. This was about the same relationship that was observed in both World War periods. But land values rose an additional 10 percent from March 1951 to July 1952, even though commodity prices declined. The decline amounted only to 6 percent, and the exceptionally high level of commodity prices, together with the general inflationary tendencies that prevailed throughout the economy during that period apparently were responsible for the further rise in land values. Thus, the total gain in land values attributable to the Korean war was about 27 percent, or nearly as much as the initial rise of 33 percent in commodity prices.

Land values have responded a little more to the downswing in commodity prices that began in September 1952 than they did in 1949. Although the recent decline in commodity prices has been a little less (16 compared with 21 percent) - land values declined only 4 percent during the 1949 dip, but the decline from the July 1952 peak is 7 percent. The exceptionally large increase in land values during the upswing in commodity prices, together with the lag in downward adjustment, makes the present relationship between the two about the



same as that existing in 1919-20. Thus, the index of commodity prices in the first 6 months of 1954 averaged about 256 (1910-14 = 100), and the index of land values was 198 (1912-14 = 100). If the relationship that existed between commodity prices and land values in 1920 were to prevail currently, the index of land values would be 204, or only 3 percent higher.

### Variability in Sales Prices

Average sales prices for farms sold within a county or other small area are used frequently as a guide in appraising individual farms and in comparing the level of values from area to area. Where the information is available, sales prices also provide a measure of changes in market value over time. Although it is usually recognized that sales prices per acre vary widely from farm to farm, a statistical measure of the range in prices is seldom made and the average sales price is accepted frequently without reference to its representativeness.

Coefficients of variation of sales prices for a sample of farms have been computed for crop-reporting districts and for States and major type-of-farming areas in the eastern two-thirds of the country. 1/ 2/ They provide a partial measure of the extent to which sales prices reflect differences in soil type, productivity, and earning capacity of farmland within relatively small areas. A high coefficient of variation indicates a wide range in prices and less reliance can be placed on the average price than where the coefficient is low. Problems of assessment of farmland for tax purposes, appraisal for loan purposes, and the correct determination of the market value on the part of both seller and buyer would be greater in areas in which the coefficient is high.

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1/ The wide range in dollar level of sales prices from area to area requires a measure of dispersion that is expressed in terms of the mean rather than in dollars. The coefficient of variation, which is the standard deviation divided by the mean, provides such a measure. It indicates one-half of the range, expressed as a percentage of the mean, within which two-thirds of the observations will fall if the distribution is normal. This can be illustrated by data for the eastern Corn Belt (table 2). The average price for all land sold was \$279 per acre and the coefficient of variation was 57 percent. Applying this to the mean ( $\$279 \times 57\%$ ) gives a standard deviation of \$120. Adding this amount to the mean gives an upper limit of \$438, and subtracting, \$120 as the lower limit within which two-thirds of the sales were made.

2/ The average State is divided into 9 crop-reporting districts which follow type-of-farming areas to some degree but they are still frequently quite heterogeneous with respect to topography, soil type, and productivity. They were delineated originally as a means of geographic stratification to permit proper weighting of the various data obtained from crop reporters. For this reason, they do not provide as homogeneous areas as would be desired for a study of the variability of sales price but they are the best available.

Almost half of the 200 crop-reporting districts for which adequate sales data were available showed a range in the coefficient of variation of from 50 to 75 percent. Most of the districts in which the coefficients were below this range were in the central Corn Belt, whereas substantially larger coefficients were characteristic of most districts in the southeastern and south central States. The largest contiguous area in the country where the coefficients were less than 50 percent included most of Iowa, eastern South Dakota and Nebraska, and southern Minnesota. A smaller area in which coefficients were nearly as low extended from northern Illinois through northern Indiana and Ohio and southern Michigan.

An extremely wide range in sales prices is indicated by the high coefficients for most of the districts in the Southeastern and Southwestern States. A range of from 75 to 99 percent was found in many districts in the Appalachian Mountain area, and in several districts in New York and Pennsylvania where hill and valley farms are intermixed and soil productivity varies widely. Where physical features are more uniform, as in the Coastal Plains, Mississippi Delta, and the high plains of Texas, sales prices vary somewhat less. Usually they range from 50 to 75 percent. Adequate data were not available for the New England and Western States, or for Florida, but it is probable that sales prices vary widely in these areas also.

#### Characteristics of Recent Sales of Farm Property 3/

The range in sales prices for farms of different qualities was about the same for sales occurring in 1953-54 as a year earlier. Sales of "good" land in the eastern Corn Belt averaged \$329 per acre, "average" land \$232, and "poor" land, \$104. In the western Corn Belt, sales prices ranged from \$196 for good land to \$82 for poor land (table 2). For the country as a whole, sales prices averaged about the same as a year earlier, but they were slightly higher in the western Corn Belt, and in the spring and western wheat areas. Average sales prices dipped slightly in the northeastern dairy, winter wheat, and cotton areas.

The proportion of farms bought to enlarge existing farms increased slightly in 1953-54. For the country as a whole, 29 percent of the purchases were for this purpose. This was slightly higher than a year earlier and substantially above that reported prior to 1952. The continued upward trend was sharpest in the wheat areas where more than two-fifths of the sales in

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3/ A sample of from 12,000 to 18,000 sales of farm property has been obtained in recent years by means of mail surveys in March to farm real estate dealers and others who are familiar with the details of specific sales of farms in their locality. Most of the sales probably took place during the 6 months preceding the date of the survey. Information provided on sales prices, terms of financing, type of buyer and seller, quality of land and buildings, and other items have been summarized by States and major type-of-farming areas.



Table 2.- Average price of farmland sold, by quality of land and coefficient of variation, all sales, selected type-of-farming areas, 1953-54 1/

Type-of-farming area <u>2/</u>	Number of sales	Average price per acre :			All sales	
		:Good land	Average land	Poor land	:Average price per acre <u>3/</u>	Coefficient of variation
	Number	:Dollars	Dollars	Dollars:	Dollars	Percent
Northeast dairy	919	: 136	116	72 :	155	110
Lake States dairy	1,256	: 154	104	67 :	148	88
General farming	1,631	: 125	83	50 :	118	116
Eastern Corn Belt	1,419	: 329	232	104 :	279	57
Western Corn Belt	2,575	: 196	126	82 :	159	63
Spring wheat	596	: 41	32	21 :	51	79
Winter wheat	807	: 127	72	34 :	119	72
Eastern cotton	407	: 60	48	29 :	73	97
Central cotton	670	: 100	72	39 :	92	90
Western cotton	745	: 133	63	37 :	97	82
		<u>Irri-</u>	<u>Dryfar-</u>	<u>Graz-</u>		
		<u>gated</u>	<u>ming</u>	<u>ing</u>		
N. range livestock	598	: 102	43	17 :	38	--
S. range livestock	306	: 161	47	13 :	46	--
California specialty	343	: 535	77	95 :	256	--
	:			:		
	:			:		

1/ Based on a sample of sales of farm property reported by farm real estate dealers and others in a March 1954 survey. Most of the sales probably took place during the 6 months preceding the date of the survey.

2/ See map for location of areas.

3/ Equal weight given to each sale. In certain areas this unweighted mean may exceed that indicated by average sales prices for good, average and poor farms because the distribution of sales prices is usually skewed to the right.

recent years have been for this purpose. However, farm consolidation continued at a rapid rate in the Corn Belt areas where about a third of the sales reported were for farm enlargement. In all areas, a high proportion of tracts to be farmed in combination with other land had no buildings.

#### Volume of Sales Lowest Since 1939

At 29.9 farms per 1,000, the rate of voluntary sales of farm real estate during the year ending March 15, 1954, was 13 percent below the previous year and only half that of the peak year 1946-47. The rate of forced sales and estate settlements did not change much from the previous year.



A slight increase in number of foreclosures was noted in several States affected by drought, but in general, the rate continued at the extremely low level of recent years. A total of 8,500 foreclosures, or sales to avoid foreclosure is estimated for the year ending March 1954, compared with about 6,000 for the previous year. The rate of transfer by all methods dropped to 44.0 farms per 1,000, 8 percent below the previous year and the lowest since estimates were begun in 1926.

All States except North Dakota and North Carolina showed a decline in number of voluntary sales compared with the previous year. The drop was sharpest in Nebraska, Wyoming, Idaho, Montana, Arkansas, Kentucky, and Kansas, which had declines of 20 percent or more. Volume of sales declined the least in the Middle Atlantic and South Atlantic regions where demand by industrial workers for small farms and rural residences continues. Estimates of the rate of transfer by various methods are shown by States in table 9.

#### Little Change in Buyers and Sellers

As in recent years, farmers bought two-thirds of all farms sold in 1953-54 and nonfarmers bought one-third (table 3). The relative proportions varied considerably from area to area, however, with farmers making 70 percent or more of all purchases in the West North Central and Mountain regions but less than 55 percent of the total in the New England and South Atlantic regions. More than one-third of the farmers who bought were tenants and the rest were retired farmers and other farmers buying additional land. Tenants continued to be an important class of buyer in the East and West North Central regions but all regions have shown a steady downward trend since 1949 in the proportion of all purchases that were made by tenants.

Although active farmers made a slightly smaller proportion of all sales in 1953-54 than a year earlier, they still accounted for more than half (52 percent) of all sales. An additional 15 percent of the total were made by retired farmers; estates represented 17 percent and nonfarmers 16 percent.

More than three-fourths of the buyers of farms in 1953-54 lived in the same county in which the land was located, or in an adjoining county. Purchases by nonresidents accounted for a larger proportion of all sales in the New England and West South Central regions than elsewhere.

An equally high proportion of all buyers intended to operate the land they bought, but the various types of buyers differed markedly as to this. Nationally, only 12 percent of the tracts bought by active farmers were to be leased to others, frequently to a son or other relative, but 42 percent of those bought by nonfarmers were for leasing. However, the intended use after purchase varied widely from area to area. Less than a third of the nonfarmers who bought land in the New England, Middle Atlantic, South Atlantic, and Pacific regions intended to lease, but more than half of those in the West North Central and East South Central regions had this intention. Active

Table 3.- Farm real estate transfers: Percentage distribution by type of buyer and seller, United States, years ending March 1, 1950-54 1/

	1950	1951	1952	1953	1954
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Type of buyer:					
Tenant	29.3	23.8	24.7	24.0	23.3
Owner-operator	36.6	38.1	38.5	38.3	38.4
Retired farmer	4.3	4.3	4.7	4.3	4.3
Nonfarmer	29.8	33.8	32.1	33.4	33.9
Total	100.0	100.0	100.0	100.0	100.0
Type of seller:					
Active farmer	52.7	53.9	55.2	54.1	51.8
Retired farmer	15.5	15.5	15.0	14.4	14.9
Estate	14.8	13.7	14.1	15.8	16.7
Lending agency	1.1	.7	.6	.7	.7
County, State, or Federal Government	.4	.6	.6	.5	.4
Other	15.5	15.6	14.5	14.5	15.5
Total	100.0	100.0	100.0	100.0	100.0

1/ Revised estimates, using estimated total number of transfers as weights at geographic division level.

farmers also bought land for leasing more frequently in the West North Central region than elsewhere, but the proportion in all regions was low.

#### Farm Real Estate Market Important Means of Capital Transfer

The market value of all farm property sold during the year ending March 1, 1954, is estimated at about \$2.7 billion, or 3 percent of the value of all farm real estate. 4/ About 186,000 transactions were made which

4/ The total value of all farm real estate in which title passes each year would be somewhat greater than this, as transfers by inheritance and gift, foreclosures, and other miscellaneous means are not included. Only voluntary sales and open-market sales by administrators and executors of estates in which the buyer does not have a prior fractional interest are included.

affected at least 375,000 individuals. Because of the magnitude of the capital involved, it is of interest to learn the extent to which capital is transferred between the agricultural and nonagricultural segments of the economy as a result of the operations of the farm real estate market. <sup>5/</sup> Thus, transfers of farm property between farmers represents only a change in the form in which assets are held within the agricultural segment. But sales by farmers to nonfarmers, or by nonfarmers to farmers represents a transfer of capital into, or out of agriculture. A sustained net flow of capital in either direction for a period of years has broad implications with respect to the rate of capital accumulation and the capital requirements of agriculture, as well as the control of agricultural resources.

Table 4.- Dollar value of voluntary transfers of farm real estate, by type of buyer and seller, United States, year ending March 1, 1954 <sup>1/</sup>

Type of seller	Type of buyer		Total	Percentage distribution	
	Farmer <sup>2/</sup>	Nonfarmer		Farmer	Nonfarmer
	Million dollars	Million dollars	Million dollars	Percent	Percent
Farmer <sup>2/</sup>	1,316	486	1,802	69.2	60.7
Estate	384	150	534	20.2	18.7
Nonfarmer <sup>3/</sup>	202	165	367	10.6	20.6
Total	1,902	801	2,703	100.0	100.0

<sup>1/</sup> Based on 12,000 sales of farm property and expanded to national totals using estimated dollar value of all bonafide transfers as weights.

<sup>2/</sup> Includes retired farmers.

<sup>3/</sup> Includes small number of sales by lending agencies and by county, State, and Federal agencies.

<sup>5/</sup> The sales price of the property transferred, rather than the net equity, is used as a measure of capital transfer in this discussion. A more refined analysis of capital transfer would require consideration of the amount of cash involved and the source and terms of credit used but the data available are not adequate for this purpose.



Farmers sold \$1.8 billion, or 67 percent of all farm property sold during the year ending March 1954. Of this total, 73 percent was sold to other farmers and 27 percent to nonfarmers. Farmers bought \$1.9 billion, of which 69 percent was bought from other farmers, 20 percent from estates and 11 percent from nonfarmers. On balance, therefore, farmers bought about \$100 million more than they sold (table 4).

The value of farm real estate sold by estates was substantially greater than the value of that sold by nonfarmers - \$534 million and \$367 million, respectively. It was sold to farmers and to nonfarmers in about the same proportions as that sold by farmers. But nonfarmers sold only 55 percent of the total to farmers, and 45 percent to other nonfarmers. Purchases by nonfarmers totaled \$801 million, or \$434 million more than sales.

Although data for earlier years are not available in comparable detail, it appears that the net flow of nonfarm capital into agriculture observed for 1953-54 is a continuation of a trend that started about 1945. During the late 1930's and extending into the early forties there was a net movement of nonfarm capital out of farmland as a result of the liquidation of property that had been acquired by lending agencies and others by foreclosure. Also, relatively little nonfarm capital was attracted to farm real estate as an investment. Beginning about midway in World War II, however, rising farm income and the desire on the part of many for investments that would provide some protection against inflation brought increasing numbers of investor buyers into the farm real estate market. After subsiding briefly in 1949, this type of demand again increased sharply immediately following the Korean outbreak.

#### Financing Farm Purchases

A little more credit was used to finance farms bought during the winter and early spring of 1953-54 than for comparable sales a year earlier. For the country as a whole, 62 percent of the purchases were credit-financed, and the average debt was 59 percent of the purchase price. A year earlier, the comparable proportions were 59 and 56 percent, respectively. Both measures have shown a steady increase in the amount of credit used during the last several years. Although the annual increase has been small, the trend has been consistent in most regions of the country. It indicates that the availability and terms of farm real estate credit have become a factor of increasing importance in the land market (table 5).

Credit needs to finance farm purchases depend on the financial resources of prospective buyers in an area and the dollar amount required for the typical purchase. Thus, when a substantial proportion of the transfers involve a sum of less than \$5,000, as in the wheat and cotton areas, cash purchases are more frequent than where larger sums are required, as in the Corn Belt and range livestock areas (table 6). But when tracts of low value are financed, the proportion of credit extended is somewhat greater than for tracts that sell for more than \$10,000. It has been found also that relatively less credit is used to finance the purchase of tracts that sell for a high price per acre than for those that sell at average or below-average prices. This reflects a tendency on the part of many lenders to fix an upper dollar limit per acre for their loans which creates a special financing

Table 5.- Credit-financed purchases: Proportion of all sales and ratio of debt to consideration, years ending March 1, 1951-54

Geographic division	Proportion of all sales : credit-financed				:Ratio of debt to consideration			
	1951	1952	1953	1954	: 1951	1952	1953	1954
	Pct.	Pct.	Pct.	Pct.	: Pct.	Pct.	Pct.	Pct.
New England	70	70	72	77	:	64	61	64
Middle Atlantic	65	66	64	67	:	57	57	59
E. North Central	60	65	68	68	:	51	51	54
W. North Central	55	54	58	62	:	51	51	51
South Atlantic	45	44	48	52	:	59	59	62
E. South Central	49	48	54	57	:	50	58	57
W. South Central	50	54	56	58	:	54	54	57
Mountain	54	62	65	66	:	59	59	61
Pacific	60	68	70	70	:	60	61	56
United States	54	56	59	62	:	54	55	56

Table 6.- Credit-financed transfers: Proportion of all sales, ratio of debt to consideration and average debt per acre, selected type-of-farming areas, 1953,1954 <sup>1/</sup>

Type-of-farming area	Proportion of all sales : Ratio of debt to consideration		: Average debt per acre	
	1953	1954	: 1953	1954
	Percent	Percent	:Percent	Percent
Northeast dairy	67	69	:	60
Lake States dairy	72	73	:	61
General farming	53	56	:	54
Eastern Corn Belt	64	63	:	48
Western Corn Belt	61	63	:	50
Spring wheat	58	56	:	60
Winter wheat	49	51	:	50
Eastern cotton	49	53	:	65
Central cotton	55	58	:	58
Western cotton	60	59	:	55
N. range livestock	68	65	:	60
S. range livestock	60	63	:	62
California specialty	72	69	:	57

<sup>1/</sup> Based on a sample of sales of farm property reported by farm real estate dealers and others in March surveys. Most of the sales probably took place during the 6 months preceding the date of the survey.

problem for such properties. To the extent that a high sales price indicates a farm of superior earning capacity, such a credit policy often limits the purchase of such farms to the investor-buyers who more frequently have adequate financial resources.

An analysis of the financial arrangements of farms bought in 1953-54 by major classes of buyers showed several significant differences in frequency of credit-financing and amount of debt incurred. In most regions, the proportion of farms bought by nonfarmers that were credit-financed was slightly lower than the proportion of those bought by farmers. Nationally, these proportions were 61 percent for nonfarmers and 65 percent for farmers. But when active farmers were further classified into tenants and owner-operators, the differences among groups were substantially larger. Thus, more than 75 percent of the purchases made by tenants in all but two regions were credit-financed, whereas farmers who already owned land financed only about 58 percent of their purchases. This is a significantly smaller proportion than was shown for nonfarmers. In the East North Central region, for example, 61 percent of the purchases by owner-operators were credit-financed, but nonfarmers financed 68 percent.

Similar comparisons of the amount of debt incurred by various types of buyers showed smaller differences. On a national basis, credit purchases by owner-operators again showed the lowest debt, 56 percent of the purchase price, and tenants the highest, 60 percent, with nonfarmers only slightly lower. These relationships among classes of buyers were consistent in most regions but they do not appear to be of sufficient magnitude to imply any substantial difference in the financial resources of the major classes of buyers. Rather, the data suggest that established lending policy is probably the chief factor that determines the amount of debt incurred in the purchase of farmland.



Table 7.- Farm real estate: Index numbers of average value per acre, by States, July, 1954, with comparisons 1/ (1947-49 = 100)

State and Division	:	1920	:	1930	:	1940	:	1950	:	1952	1953			1954	
											March	July	Nov.	March	July 2/
Maine	:	102	:	89	:	69	:	95	:	91	99	99	96	90	91
New Hampshire	:	91	:	79	:	67	:	97	:	105	108	108	105	105	104
Vermont	:	86	:	71	:	58	:	101	:	113	113	112	109	107	107
Massachusetts	:	91	:	86	:	74	:	99	:	112	112	110	108	106	107
Rhode Island	:	71	:	73	:	66	:	101	:	111	111	111	111	109	109
Connecticut	:	72	:	73	:	65	:	100	:	110	111	111	109	109	108
New England	:	88	:	80	:	67	:	99	:	106	108	108	105	103	103
New York	:	92	:	71	:	59	:	105	:	121	121	118	114	114	114
New Jersey	:	69	:	66	:	62	:	103	:	122	123	125	123	120	122
Pennsylvania	:	91	:	69	:	58	:	102	:	129	129	129	124	122	122
Mid. Atlantic	:	89	:	70	:	59	:	103	:	125	125	124	120	118	118
Ohio	:	95	:	54	:	46	:	101	:	134	134	134	129	129	131
Indiana	:	96	:	47	:	44	:	103	:	135	137	135	131	130	132
Illinois	:	106	:	61	:	50	:	108	:	138	140	137	135	133	134
Michigan	:	78	:	61	:	46	:	100	:	123	126	126	123	121	122
Wisconsin	:	119	:	81	:	58	:	101	:	119	119	114	113	113	111
E. N. Central	:	101	:	60	:	49	:	104	:	132	133	131	128	127	128
Minnesota	:	138	:	86	:	55	:	109	:	137	134	134	128	127	127
Iowa	:	146	:	77	:	50	:	108	:	132	128	126	124	124	125
Missouri	:	142	:	78	:	50	:	106	:	138	132	130	123	121	121
North Dakota	:	135	:	89	:	48	:	107	:	133	136	136	134	134	134
South Dakota	:	207	:	107	:	47	:	111	:	145	140	140	135	135	135
Nebraska	:	144	:	90	:	47	:	104	:	136	136	130	127	127	128
Kansas	:	95	:	71	:	45	:	106	:	131	133	133	125	125	125
W. N. Central	:	138	:	82	:	49	:	107	:	135	133	130	127	126	127
Delaware	:	86	:	69	:	55	:	98	:	121	123	124	123	120	118
Maryland	:	82	:	61	:	50	:	99	:	125	126	127	125	123	121
Virginia	:	81	:	58	:	48	:	101	:	129	134	135	129	126	128
W. Virginia	:	105	:	71	:	58	:	95	:	112	113	112	109	106	104
N. Carolina	:	69	:	49	:	43	:	106	:	132	138	136	133	131	134
S. Carolina	:	110	:	50	:	43	:	97	:	117	119	118	114	112	111
Georgia	:	119	:	55	:	45	:	99	:	123	129	129	124	122	123
Florida	:	76	:	74	:	57	:	97	:	120	123	122	118	116	114
S. Atlantic	:	89	:	57	:	48	:	101	:	125	129	128	125	122	123

Continued.

Table 7.- Farm real estate: Index numbers of average value per acre, by States, July 1954 with comparisons 1/  
- Continued

(1947-49 = 100)

State and Division	:	:	:	:	:	:	1953			:	1954	
							March	July	Nov.		March	July <u>2/</u>
Kentucky	:	75	48	42	102	128	123	122	116		115	115
Tennessee	:	78	48	42	103	124	125	122	116		116	115
Alabama	:	69	56	47	101	125	131	130	126		122	124
Mississippi	:	94	53	46	106	134	139	137	131		130	131
E. S. Central	:	78	50	44	103	127	128	126	121		119	119
Arkansas	:	94	60	40	105	131	128	127	123		120	120
Louisiana	:	94	62	57	105	120	125	125	123		121	122
Oklahoma	:	89	68	50	108	138	133	132	125		122	122
Texas	:	97	76	55	102	139	134	132	130		125	125
W. S. Central	:	95	73	53	103	137	133	131	128		124	124
Montana	:	101	67	46	98	119	115	115	114		109	106
Idaho	:	98	74	53	95	104	97	97	94		91	90
Wyoming	:	99	63	42	99	118	118	115	110		108	107
Colorado	:	95	61	42	97	113	105	103	98		94	93
New Mexico	:	60	52	39	103	123	118	115	111		107	106
Arizona	:	73	64	47	95	123	124	121	113		113	113
Utah	:	136	106	61	100	110	108	107	102		101	101
Nevada	:	106	80	52	95	111	110	109	105		102	100
Mountain	:	94	67	46	98	115	111	110	105		102	101
Washington	:	105	83	54	93	103	101	100	98		96	97
Oregon	:	101	86	57	92	104	101	100	98		94	95
California	:	78	76	49	86	98	96	95	92		90	95
Pacific	:	84	78	51	87	99	97	96	93		92	95
UNITED STATES	:	105	70	50	102	128	127	125	122		120	120

1/ All farm lands with improvements as of March 1, except as indicated.

2/ Figures for July 1954 are preliminary.

Table 8.- Farm real estate: Index numbers of average value per acre, by States, July, 1954 with comparisons 1/ (1912-14 = 100)

State and Division	1920	1930	1940	1950	1952	1953			1954	
						March	July	Nov.	March	July 2/
Maine	142	124	95	132	127	137	137	134	126	127
New Hampshire	129	111	94	136	147	152	152	147	147	146
Vermont	150	123	101	176	196	196	195	190	186	186
Massachusetts	140	131	113	152	170	171	169	165	163	163
Rhode Island	130	134	120	184	203	203	203	202	200	200
Connecticut	137	140	124	191	210	213	212	208	209	207
New England	140	127	106	157	169	173	172	168	164	164
New York	133	103	86	152	175	175	171	165	165	165
New Jersey	130	125	116	194	230	233	236	233	227	230
Pennsylvania	140	107	90	157	200	199	199	192	189	188
Mid. Atlantic	136	106	90	157	191	190	189	182	180	180
Ohio	159	90	77	167	224	223	223	214	214	218
Indiana	161	80	74	174	228	231	227	222	220	223
Illinois	160	91	75	162	206	210	205	201	199	201
Michigan	154	121	91	198	243	249	249	243	239	241
Wisconsin	171	117	84	145	172	172	164	162	162	160
E. N. Central	161	96	78	166	211	213	209	205	203	204
Minnesota	213	133	86	169	212	207	207	199	196	196
Iowa	213	113	74	158	194	188	184	182	181	183
Missouri	167	92	59	124	162	154	153	144	142	142
North Dakota	145	95	52	115	143	146	147	145	144	144
South Dakota	181	93	41	97	126	122	122	118	117	117
Nebraska	179	113	58	130	169	162	159	159	159	159
Kansas	151	113	71	169	208	211	211	198	198	198
W. N. Central	184	109	65	142	179	177	173	168	167	168
Delaware	139	111	89	158	195	199	201	198	193	190
Maryland	166	123	100	199	250	254	256	251	247	243
Virginia	189	134	112	235	300	310	314	299	292	296
W. Virginia	154	105	85	139	164	165	164	159	156	153
N. Carolina	223	158	138	341	425	446	437	427	423	431
S. Carolina	230	104	89	203	244	249	246	238	235	233
Georgia	217	100	82	181	225	235	235	227	223	225
Florida	178	172	133	226	280	286	285	275	270	267
S. Atlantic	199	127	106	224	278	288	286	277	273	274

Continued.



Table 8.- Farm real estate: Index numbers of average value per acre, by States, July, 1954 with comparisons 1/ - Continued (1912-14 = 100)

State and Division	1920	1930	1940	1950	1952	1953			1954	
						March	July	Nov.	March	July 2/
Kentucky	200	127	113	272	344	330	327	312	309	308
Tennessee	200	123	108	265	319	321	313	299	298	296
Alabama	177	143	122	260	321	337	334	322	314	318
Mississippi	218	122	106	244	309	320	317	302	300	302
E. S. Central	199	128	112	263	326	327	323	309	305	305
Arkansas	222	141	95	247	309	302	299	290	282	282
Louisiana	198	132	121	221	253	264	263	259	256	257
Oklahoma	166	127	93	202	258	250	247	235	228	229
Texas	174	138	99	184	251	241	239	234	226	225
W. S. Central	177	136	99	192	255	247	245	239	230	231
Montana	126	83	57	122	148	143	143	141	135	131
Idaho	172	131	93	167	183	172	172	166	161	159
Wyoming	176	112	74	177	210	211	205	196	194	192
Colorado	141	90	62	145	168	156	154	147	141	138
New Mexico	144	126	95	250	299	287	279	269	260	258
Arizona	165	147	107	215	279	281	275	256	256	256
Utah	167	129	74	122	135	132	131	124	124	124
Nevada	135	102	65	121	141	139	138	133	129	127
Mountain	149	102	73	154	182	176	173	166	161	159
Washington	140	110	71	124	138	135	132	130	128	129
Oregon	130	111	73	119	134	130	129	126	121	122
California	167	164	106	184	210	207	203	198	194	203
Pacific	156	146	95	163	185	182	179	174	172	177
UNITED STATES	173	115	82	168	211	209	207	200	197	198

1/ Revised series. All farm lands with improvements as of March 1, except as indicated.

2/ Figures for July 1954 are preliminary.

Table 9.- Farm Title Transfers: Estimated number per 1,000 farms by various methods, years ended March 15, 1953-54

State and Division	Voluntary		Forced sales				All other sales		Total all classes	
	sales and trades		Foreclosures		Tax sales					
			1/							
	1953:	1954:	1953 :	1954 :	1953 :	1954 :	1953:	1954:	1953:	1954:
Maine	34.0	30.0	2.0	6.0	.5	2.0	11.2	10.8	47.7	48.8
New Hampshire	42.0	35.0	1.2	.5	.7	3/	9.8	9.7	53.7	45.2
Vermont	46.0	44.5	5.0	4.5	.4	3/	9.9	8.0	61.3	57.0
Massachusetts	34.0	28.0	1.8	1.3	3/	3/	5.0	7.5	40.8	36.8
Rhode Island	37.0	34.0	3/	3/	3/	3/	2.5	6.3	39.5	40.3
Connecticut	38.0	35.0	3/	3/	3/	3/	10.3	6.8	48.3	41.8
New England	37.8	33.6	2.0	3.0	.3	.6	9.1	8.8	49.2	46.0
New York	34.5	33.0	1.7	2.0	.5	1.0	9.4	10.9	46.1	46.9
New Jersey	39.0	34.5	.7	2.5	3/	3/	13.0	10.2	52.7	47.2
Pennsylvania	30.0	27.2	.5	1.0	.4	.4	12.3	11.1	43.2	39.7
Mid. Atlantic	32.7	30.3	1.1	1.6	.4	.6	11.4	10.9	45.6	43.4
Ohio	35.4	30.3	.8	.7	3/	.3	16.5	13.9	52.7	45.2
Indiana	33.5	29.5	.2	.2	.2	.9	12.8	14.6	46.7	45.2
Illinois	22.0	19.7	.6	.3	3/	.3	16.6	14.4	39.2	34.7
Michigan	30.2	29.3	1.1	1.0	.4	3/	11.5	10.1	43.2	40.4
Wisconsin	39.9	32.5	1.9	3.2	.7	1.3	10.7	10.9	53.2	47.9
E. N. Central	32.0	28.1	.9	1.0	.2	.5	13.9	12.8	47.0	42.4
Minnesota	28.4	27.1	1.4	.7	.2	.5	9.2	11.5	39.2	39.8
Iowa	26.4	22.5	.7	.9	.2	3/	16.5	17.3	43.8	40.7
Missouri	40.0	37.0	1.4	1.6	3/	.2	10.8	9.3	52.2	48.1
North Dakota	18.5	20.5	.8	1.0	3/	.2	10.2	8.6	29.5	30.3
South Dakota	30.0	27.0	.5	1.4	.4	3/	9.7	9.1	40.6	37.5
Nebraska	30.8	20.1	.6	.6	3/	.3	16.9	19.4	48.3	40.4
Kansas	33.0	26.5	1.2	2.5	.2	.1	17.9	20.3	52.3	49.4
W. N. Central	31.1	27.2	1.0	1.3	.1	.2	13.2	14.0	45.4	42.7
Delaware	35.0	29.0	3/	3/	3/	3/	8.3	5.7	43.3	34.7
Maryland	38.0	32.0	.2	3/	3/	3/	6.0	10.2	44.2	42.2
Virginia	26.5	24.5	1.5	1.4	.6	3/	12.4	14.1	41.0	40.0
W. Virginia	27.3	24.6	1.0	.6	2.0	.8	11.1	11.5	41.4	37.5
N. Carolina	20.2	20.2	1.3	1.8	3/	.5	14.7	14.7	36.2	37.2
S. Carolina	24.7	22.5	2.6	2.4	3/	3/	11.5	13.5	38.8	38.4
Georgia	37.0	33.0	1.6	2.8	.5	.2	11.0	13.2	50.1	49.2
Florida	51.0	45.0	1.5	2.5	3/	3/	11.3	7.7	63.8	55.2
S. Atlantic	28.8	26.3	1.5	1.8	.4	.2	12.0	13.1	42.7	41.4

Continued

Table 9.- Farm Title Transfers: Estimated number per 1,000 farms by various methods, years ended March 15, 1953-54 - Cont'd.

State and Division	Voluntary		Forced sales				All other sales		Total all classes	
	sales and trades		Foreclosures 1/		Tax sales		sales 2/			
	1953:	1954	1953	1954	1953	1954	1953	1954	1953:	1954
Kentucky	34.7	26.7	.5	.4	.2	3/	11.0	13.6	46.4	40.7
Tennessee	29.5	25.8	.5	2.2	3/	3/	10.1	10.9	40.1	38.9
Alabama	37.0	33.5	2.1	1.8	3/	3/	11.5	9.9	50.6	45.2
Mississippi	34.0	27.4	2.0	1.3	.5	1.2	8.6	6.1	45.1	36.0
E. S. Central	33.7	28.2	1.2	1.4	.2	.2	10.4	10.5	45.5	40.3
Arkansas	51.1	38.0	2.1	5.1	.5	3/	6.1	8.0	59.8	51.1
Louisiana	20.7	20.5	.9	.3	3/	1.0	9.5	15.0	31.1	36.8
Oklahoma	42.7	37.3	1.1	1.5	.2	.7	11.4	14.5	55.4	54.0
Texas	34.0	31.5	.8	2.5	.4	.4	10.9	10.5	46.1	44.9
W. S. Central	37.8	32.8	1.1	2.5	.3	.5	9.9	11.4	49.1	47.2
Montana	41.9	30.0	1.0	1.8	.7	3/	10.7	10.6	54.3	42.4
Idaho	49.8	39.0	1.4	3.5	3/	3/	7.4	5.6	58.6	48.1
Wyoming	50.0	35.0	1.0	2.8	.3	3/	7.6	8.5	58.9	46.3
Colorado	42.0	36.7	1.6	2.4	3/	3/	5.6	9.7	49.2	48.8
New Mexico	46.5	40.6	2.5	4.6	3/	3/	7.5	11.4	56.5	56.6
Arizona	54.5	48.9	3.2	2.0	1.4	2.5	6.8	7.8	65.9	61.2
Utah	41.5	36.7	3.8	2.9	3/	3/	16.9	11.9	62.2	51.5
Nevada	39.0	36.0	3/	.5	3/	3/	8.0	9.0	47.0	45.5
Mountain	45.0	36.7	1.8	2.8	.2	.1	8.6	9.5	55.6	49.1
Washington	52.5	44.2	.8	2.2	.4	3/	9.6	12.9	63.3	59.3
Oregon	53.0	45.0	1.0	3.8	.5	.8	8.3	10.4	62.8	60.0
California	56.5	52.5	3.6	2.7	.7	.3	14.9	8.0	75.7	63.5
Pacific	57.4	48.6	2.3	2.8	.6	.3	12.1	9.8	72.4	61.5
UNITED STATES	34.3	29.9	1.2	1.7	.3	.4	11.8	12.0	47.6	44.0

1/ Includes loss of title by default of contract, sales to avoid foreclosure and surrender of title or other transfers to avoid foreclosure.

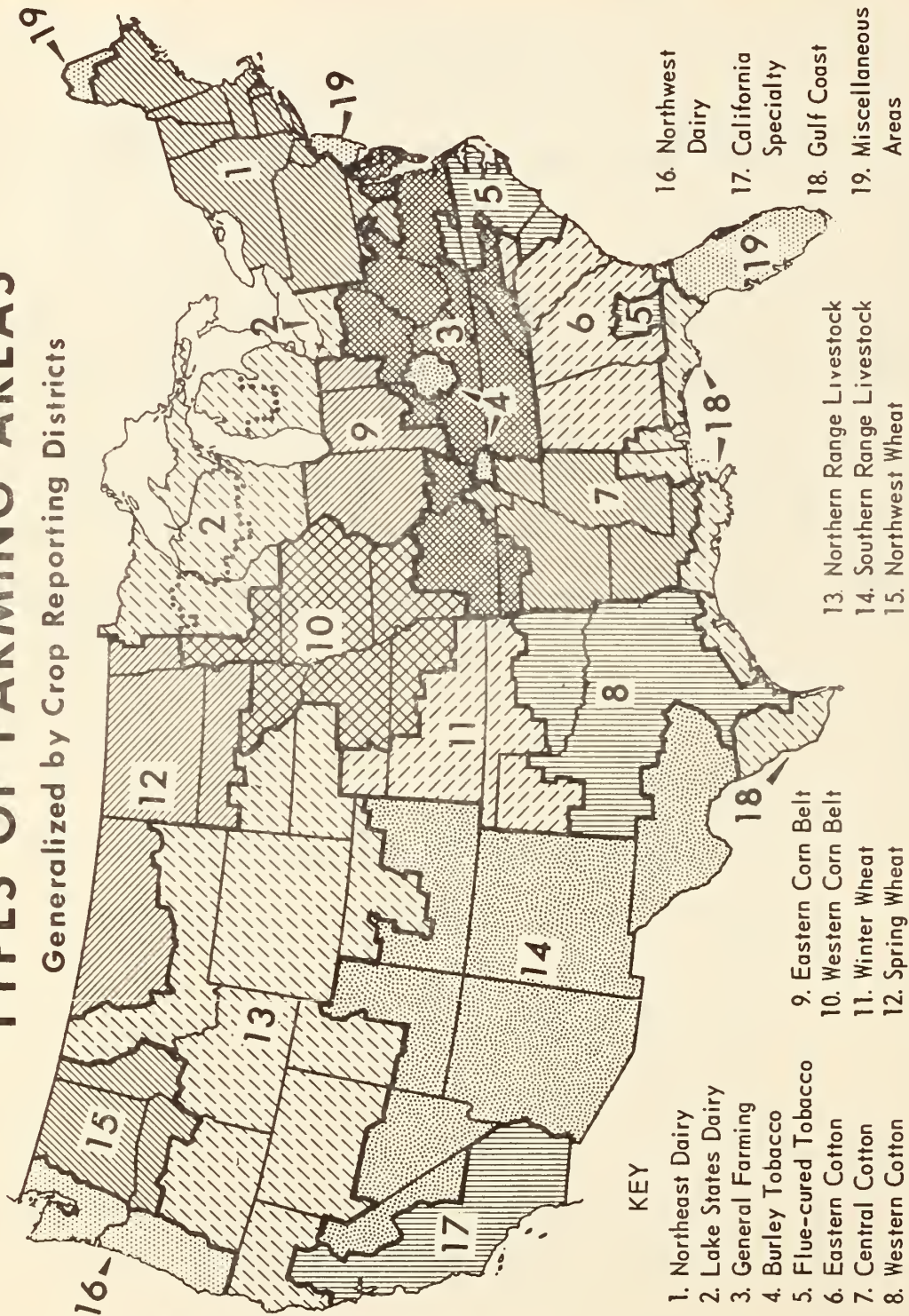
2/ Includes sales resulting from inheritance and gifts, administrator's and executor's sales and other miscellaneous and unclassified sales.

3/ None reported.



# TYPES OF FARMING AREAS

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